

Department of Commerce, Community, & Economic Development

Mission

To promote a healthy economy, strong communities, and protect consumers in Alaska.

Core Services

- Coordinate, develop and promote programs for sustainable economic growth.
- Regulate and enforce to protect the consumer and to provide a stable business climate.
- Assist in the development of sustainable energy systems and reduce the cost of energy in rural Alaska.
- Assist communities to achieve maximum local self-government and foster volunteerism statewide.

End Result	Strategies to Achieve End Result
<p>A: Sustainable economic growth.</p> <p><u>Target #1:</u> 2% increase per year in visitors between May 1 and September 30 annually.</p> <p><u>Status #1:</u> Tourism's five-year, 30% growth to over 1.7 million summer visitors showed a slight 0.4% decrease in 2008, a steeper loss is anticipated for 2009.</p> <p><u>Target #2:</u> One or more successful tourism development projects or new businesses developed in 4-6 rural Alaska community clusters each year.</p> <p><u>Status #2:</u> Met objective of assisting development of 4-6 new tourism projects or businesses by assisting in startup of 4 new business and working with communities in Southeast and Western Alaska on four new projects.</p> <p><u>Target #3:</u> Increase by 0.5% the ex-vessel value of key commercial species in Alaska's commercial harvest.</p> <p><u>Status #3:</u> Ex-vessel value of key commercial species in Alaska's commercial harvest increased 14.4% from 2007-2008, exceeding the target of a 0.5% increase.</p> <p><u>Target #4:</u> 19,000 jobs created and maintained in four years.</p> <p><u>Status #4:</u> Met the target of creating and maintaining 19,000 jobs in four years with 20,339 new jobs in the four years of 2005 – 2008.</p>	<p>A1: Implement economic development programs and projects.</p> <p><u>Target #1:</u> Restore advertising and public relations campaign supporting core U.S. marketing programs to FY2008 level of \$3 million, generating over 100,000,000 additional household and individual impressions and increasing brand awareness.</p> <p><u>Status #1:</u> FY2010 U.S. advertising and public relations campaign funded at one third the level of FY2008, necessitating shift of resources from advertising to public relations and resulting in loss of certainty of key messages being delivered timely to millions of Americans.</p> <p><u>Target #2:</u> 500,000 brochures distributed to potential Alaska visitors annually.</p> <p><u>Status #2:</u> Exceeded target of distributing 500,000 brochures to potential Alaska visitors by distributing 583,156 brochures in FY 2009.</p> <p><u>Target #3:</u> Provide technical assistance through mentorship in 4-6 rural community clusters each year through Developing Alaska Rural Tourism program.</p> <p><u>Status #3:</u> Exceeded goal of providing mentorship services in 4-6 rural community clusters by assisting 9 tourism entrepreneurs in nine communities.</p>
End Result	Strategies to Achieve End Result
<p>B: Increase number of Alaska citizens who have access to local government services.</p> <p><u>Target #1:</u> 100% of municipal governments provide essential public services (i.e. elections, legal, health, financial/contracting, fuel).</p> <p><u>Status #1:</u> 91% of municipal governments are estimated to have provided essential public services in FY2009, increasing from 83% in FY2008 but not meeting the</p>	<p>B1: Improve quality of department's available resources to the public</p> <p><u>Target #1:</u> 5% increase per year in successful interventions in communities due to monitoring of key indicators.</p> <p><u>Status #1:</u> 62.5% increase in the number of successful interventions in communities due to monitoring of key indicators from FY2008 to FY2009, significantly</p>

target of 100%.

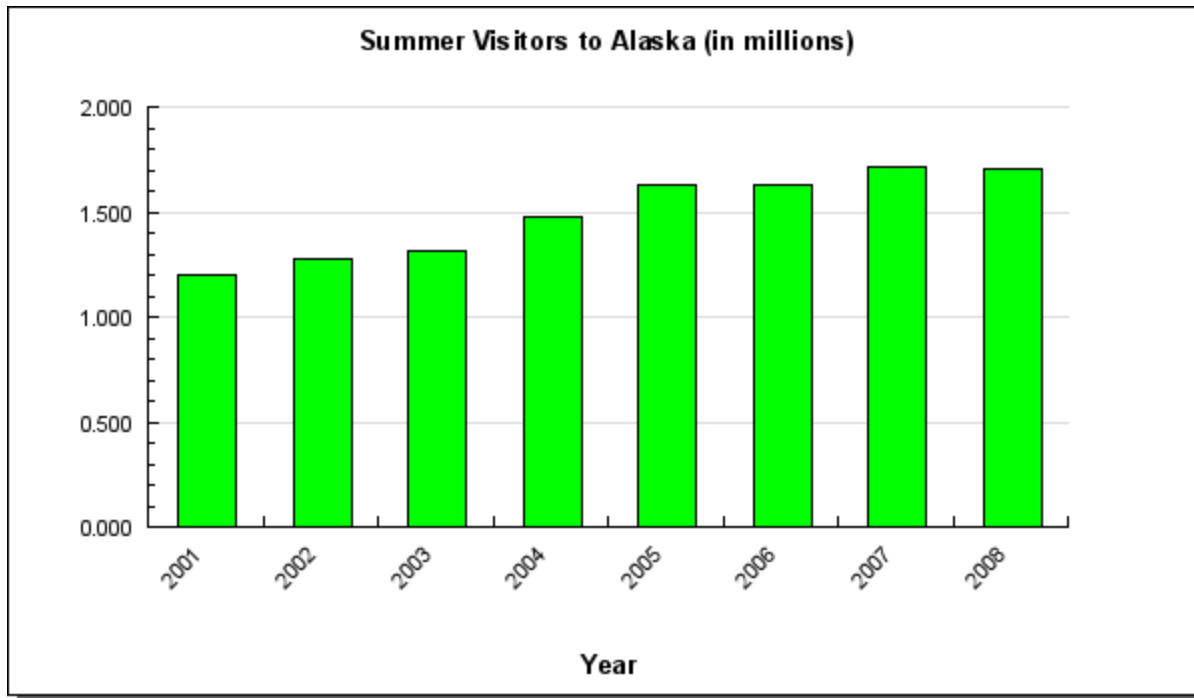
exceeding the target of 5%.

Performance Detail

A: Result - Sustainable economic growth.

Target #1: 2% increase per year in visitors between May 1 and September 30 annually.

Status #1: Tourism's five-year, 30% growth to over 1.7 million summer visitors showed a slight 0.4% decrease in 2008, a steeper loss is anticipated for 2009.



Methodology: Source: Alaska Visitor Statistics Program V, Interim Visitor Volume Report, Summer 2008, Prepared by the McDowell Group, Inc., for Alaska Office of Economic Development, December 2008.

Methodology: The Interim Visitor Volume Report provides visitor volume estimates for Alaska between May 1 and September 30, 2008. Volume estimates are based on data collected for Alaska Visitor Statistics Program V, a study administered by the Alaska Department of Commerce, Community and Economic Development. The estimates are compiled using two sets of data: exiting traffic data (ferry embarkations, airplane enplanements, cruise passenger traffic, and highway border crossings) and visitor/resident ratio data (the ratio of out-of-state visitors to Alaska residents exiting Alaska, by traffic mode, location, and month). Summer ratio data was collected during the AVSP V summer study period, between May 1 and September 30, 2006. Nearly 50,000 travelers were tallied by survey field staff during this period. Ratios collected during 2006 were applied to 2008 traffic data to arrive at the estimates in this report.

Summer Visitors to Alaska (in millions)

Year	YTD Total
2008	1.707 -0.41%
2007	1.714 +5.02%
2006	1.632 0%
2005	1.632 +10.72%
2004	1.474 +12.52%
2003	1.310 +2.75%
2002	1.275 +5.99%
2001	1.203

Analysis of results and challenges: The 2008 Alaska Visitor Statistics Program (AVSP) estimates that 1.7 million out-of-state visitors came to Alaska between May and September 2008, a 0.4% decrease from 2007. Primarily responsible for the decline was the decline in visitors exiting by air (10,700 passengers), the state's second largest visitor segment. Visitors exiting by highway and ferry continued a pattern of decline. The only growth segment was cruise exits, which increased a modest 8,700 passengers

Of the total visitors, 1,333,100 were cruise ship passengers; an estimated 597,200 entered and exited the state by air; and an estimated 77,100 entered or exited the state by highway or ferry.

Target #2: One or more successful tourism development projects or new businesses developed in 4-6 rural Alaska community clusters each year.

Status #2: Met objective of assisting development of 4-6 new tourism projects or businesses by assisting in startup of 4 new business and working with communities in Southeast and Western Alaska on four new projects.

New Tourism Projects in Rural Alaska

Fiscal Year	YTD Total
FY 2009	8 +100%
FY 2008	4 +33.33%
FY 2007	3 -57.14%
FY 2006	7 0%
FY 2005	0

Methodology: Count of new projects in rural Alaska.

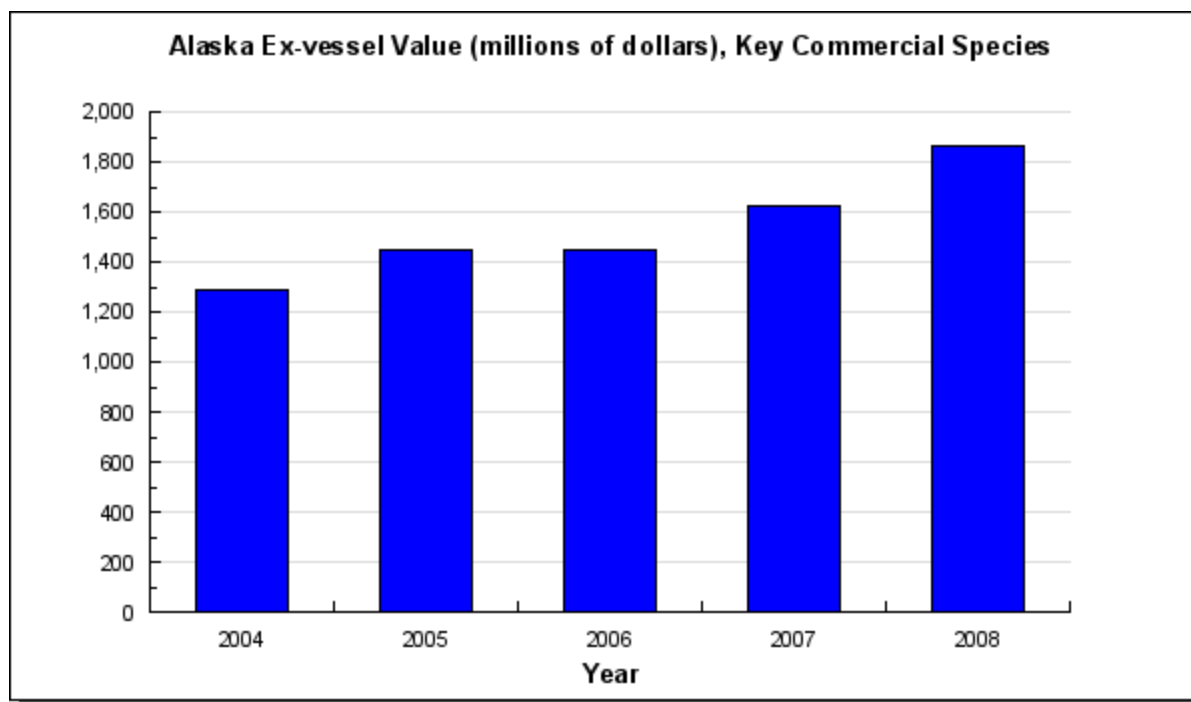
Analysis of results and challenges: The Developing Alaska Rural Tourism (DART) program was started in FY2009 with a grant from the U.S. Economic Development Administration (EDA) and funding (personnel) from the Alaska Department of Commerce Community & Economic Development. EDA funding was in place during FY2010.

The FY09 Tourism Mentorship Assistance program was instrumental in the startup of at least four new businesses in four rural communities. Four projects included:

- (1) development of strategic plan and implemented training in the Village of Klukwan for the Klukwan Cultural and Heritage Center,
- (2) developed itinerary for product assessment tours in Prince of Wales Island, Wrangell and Petersburg,
- (3) developed project to bring 6 Pack training to Quinhagak and Galena resulting in 6 individuals receiving 6 Pack skippers license,
- (4) conducted eco-tourism assessment in Quinhagak (Kanektok River Adventures, an AFN Alaska Market Place recipient)

Target #3: Increase by 0.5% the ex-vessel value of key commercial species in Alaska's commercial harvest.

Status #3: Ex-vessel value of key commercial species in Alaska's commercial harvest increased 14.4% from 2007-2008, exceeding the target of a 0.5% increase.



Methodology: ADF&G, NOAA-NMFS, SMIS estimates, ASMI estimates

**Due to improved data availability for the ADFG COAR report, 2008 values for pollock, cod and other whitefish were calculated based on unit values derived from the ADFG COAR report and harvest figures reported by NOAA in catch data.*

Analysis of results and challenges: Alaska is succeeding in raising the value of the seafood harvest and enhancing the vitality of private sector business, state and local economies and the state treasury. Value (ex-vessel) of key commercial species totaled nearly \$1.9 billion in 2008*, exceeding the target of 0.5% growth for the year (14.4% growth shown here).

2008 highlights: Salmon value grew 7% to \$452 million, due to increased value of some species. Shellfish value grew 54% to \$204 million, reflecting increases in the allowable catch of key crab species. Halibut and sablefish value declined 7%, due mainly to modest quota reductions. Harvest of Alaska groundfish and flatfish species declined 23%, the decline offset by relatively strong market conditions for whitefish other than the Pacific cod market which softened.

The value of Alaska's harvest is increasing due in part to state and federal investment in marketing. Continuing support for the marketing effort will support the upward value trend. Challenges include a global economic downturn, tight credit markets and their impact on Alaska seafood customers and on suppliers holding inventory, reduced seafood sales at restaurants and retail grocery stores, softening of markets for particular species, e.g. Pacific cod, competing proteins that are lower priced and more heavily promoted, and issues affecting international trade such as currency fluctuations and tariffs.

*Some of the growth is explained by SMIS data compilation changes for 2008. Unit values for pollock, cod and other groundfish are now derived from the ADFG Commercial Operators Annual Report, due to improved data availability. This report is thought to more accurately reflect the value of Alaska seafood processed within Alaska, and has the effect of increasing the apparent value of Alaska whitefish harvests. There were no significant data compilation changes for salmon, shellfish, or halibut and sablefish.

Target #4: 19,000 jobs created and maintained in four years.

Status #4: Met the target of creating and maintaining 19,000 jobs in four years with 20,339 new jobs in the four years of 2005 – 2008.

Number of Jobs Created and Maintained

Year	YTD Total
2008	4,536 +48.77%
2007	3,049 -52.23%
2006	6,382 +0.16%
2005	6,372 +41.32%
2004	4,509 -1.76%
2003	4,590

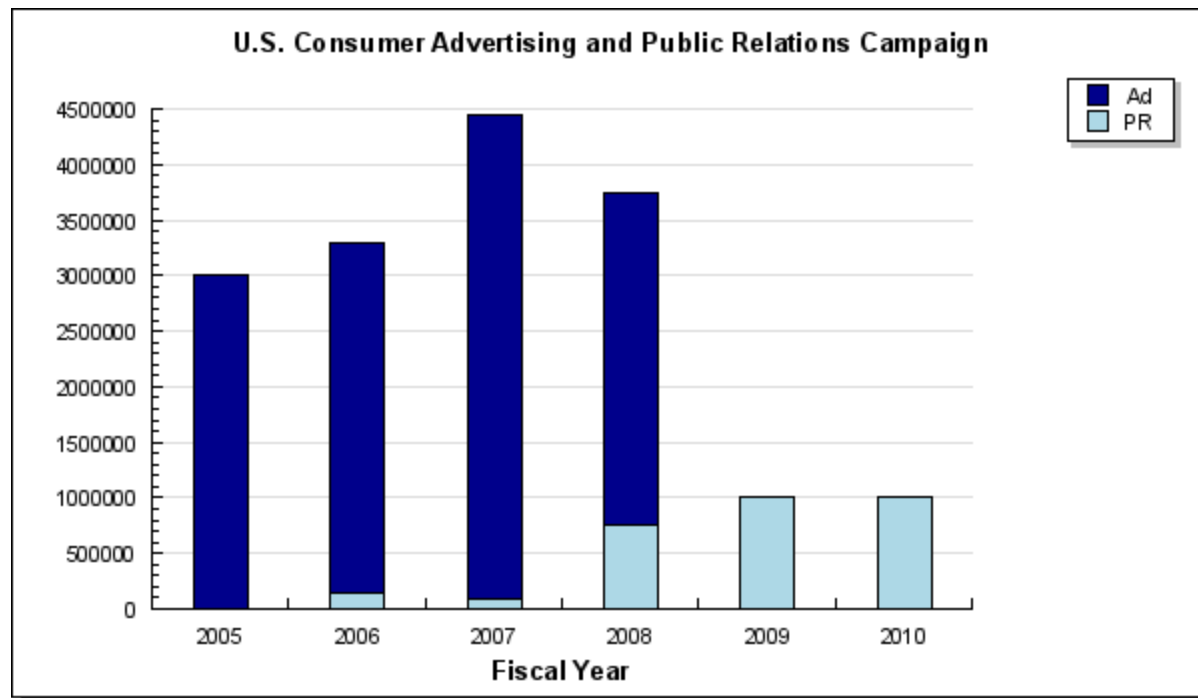
Methodology: This data is reported from the State of Alaska Department of Labor.

Analysis of results and challenges: Continued investment in different programs and providing loans to businesses and for construction helped to stimulate the economy and create jobs.

A1: Strategy - Implement economic development programs and projects.

Target #1: Restore advertising and public relations campaign supporting core U.S. marketing programs to FY2008 level of \$3 million, generating over 100,000,000 additional household and individual impressions and increasing brand awareness.

Status #1: FY2010 U.S. advertising and public relations campaign funded at one third the level of FY2008, necessitating shift of resources from advertising to public relations and resulting in loss of certainty of key messages being delivered timely to millions of Americans.



Methodology: Alaska Seafood Marketing Institute; Schiedermayer & Associates

U.S. Consumer Advertising and Public Relations Campaign

Fiscal Year	PR	Ad
FY 2010	1000000 0%	0 0%
FY 2009	1000000 +33.33%	0 -100%
FY 2008	750000 +812.41%	2998000 -31.44%
FY 2007	82200 -46.2%	4372800 +38.94%
FY 2006	152800 0%	3147200 +4.91%
FY 2005	0	3000000

Analysis of results and challenges: ASMI was forced to curtail its overall promotional effort in FY2009, including its U.S. consumer advertising effort. The level of resources allocated to the effort in FY2009 and FY2010 did not allow for advertising placements that offer guaranteed delivery of key messages to the target audience according to a schedule. The resources allocated to consumer advertising and public relations are currently focused on public relations activities designed to obtain media exposure for Alaska Seafood, however this approach lacks the certainty of guaranteed, timely delivery of key messages to the target demographic, and awareness over time erodes. The goal is to regain the ability to reach as many people with key Alaska Seafood messages delivered via advertising as were reached through that means in FY 08. Through consumer advertising in FY 08, key messages were delivered according to schedule to more than 213 million U.S. households via cable TV, and to the readers of magazines with circulation totaling more than 7 million.

Target #2: 500,000 brochures distributed to potential Alaska visitors annually.

Status #2: Exceeded target of distributing 500,000 brochures to potential Alaska visitors by distributing 583,156 brochures in FY 2009.

Number of Alaska Marketing Brochures Distributed

Fiscal Year	YTD Total
FY 2009	583,156 +9.04%
FY 2008	534,816 -4.99%
FY 2007	562,904 -4.44%
FY 2006	589,082 +18.94%
FY 2005	495,277 -4.51%
FY 2004	518,693

Methodology: Source: FY09 Fourth Quarter Marketing Report, submitted to the Alaska Office of Economic Development by the Alaska Travel Industry Association, July 2009.

Analysis of results and challenges: The role of the Alaska Travel Industry Association (ATIA) consumer marketing programs is to find potential visitors throughout North America and provide them with compelling information about Alaska in an effort to convert their interest in Alaska to actual travel to the state. Aggressive direct response programs in FY2009 allowed ATIA to reach millions of potential visitors and resulted in 583,156 qualified requests for Alaska travel information. The goal for the year was exceeded and the total number of brochures distributed to consumers responding to the marketing increased over the prior year.

Each year, ATIA establishes a goal in regards to the number of marketing brochures distributed to potential visitors. ATIA also prints additional brochures for distribution to travel agents and Alaska residents.

ATIA will continue to measure the number of brochures being sent each week, along with the total for the year, and share this information with the state and ATIA's member businesses. This is important data because it substantiates

how effectively ATIA marketing programs deliver Alaska's message.

Target #3: Provide technical assistance through mentorship in 4-6 rural community clusters each year through Developing Alaska Rural Tourism program.

Status #3: Exceeded goal of providing mentorship services in 4-6 rural community clusters by assisting 9 tourism entrepreneurs in nine communities.

Number of Community Clusters Receiving Technical Assistance

Fiscal Year	YTD Total
FY 2010	9 0%
FY 2009	9 0%
FY 2008	9 0%
FY 2007	9

Analysis of results and challenges: The Tourism Mentorship Assistance Program (TMAP) was started in FY2007 with a grant from the U.S. Dept. of Agriculture (USDA), Rural Development agency. The FY2009 TMAP program is currently funded through a matching grant from the U.S. Economic Development Administration (EDA). The program is designed to provide 12-18 months of technical advice and assistance to potential entrepreneurs in rural Alaska. Based on the success of the TMAP program, OED is proposing to utilize state funding in FY 2011 to increase the number of participants to 12 per year.

The 9 entrepreneurs are located in 9 communities including Kaktovik, Perryville, Gambell, Nome, Bethel, Ruby, Tanana, Glennallen, and Admiralty Island.

B: Result - Increase number of Alaska citizens who have access to local government services.

Target #1: 100% of municipal governments provide essential public services (i.e. elections, legal, health, financial/contracting, fuel).

Status #1: 91% of municipal governments are estimated to have provided essential public services in FY2009, increasing from 83% in FY2008 but not meeting the target of 100%.

Percentage of Governments Providing Essential Public Services

Fiscal Year	YTD Total
FY 2009	91%
FY 2008	83%
FY 2007	82%
FY 2006	83%
FY 2005	80%
FY 2004	85%

Analysis of results and challenges: There is no requirement for communities to report inadequate provision of public services, such as interruption of public utilities, reduction or elimination of police or public safety, not holding required public meetings or elections, or inadequate financial disclosure of public finances. The primary means for collecting this data is through analysis of budget documents, routine monitoring of communities, and anecdotal reports. The division is working to address the challenge to collect and correct information that is reported to various agencies or self-reported by communities.

B1: Strategy - Improve quality of department's available resources to the public

Target #1: 5% increase per year in successful interventions in communities due to monitoring of key indicators.

Status #1: 62.5% increase in the number of successful interventions in communities due to monitoring of key

State of Alaska

indicators from FY2008 to FY2009, significantly exceeding the target of 5%.

Number of Successful Interventions

Year	# of Interventions
2009	39 +62.5%
2008	24 +14.29%
2007	21 +10.53%
2006	19

Analysis of results and challenges: This increase has been accomplished through reassignment of staff from other duties within the division to provide monitoring of tax reporting, fuel ordering, Power Cost Equalization reporting, and liens filed. Additional allocated resources both in staffing and travel allow the division to proactively contact communities prior to a financial crisis which may cause interruptions to electrical, sanitation, or governmental services.